

*over record**Feb 26*OLL 85-0666
27 February 1985

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VIA: Acting Chief, Liaison Division, OLL

FROM:
Liaison Division, OLL

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SUBJECT: House "Hearing" on Administration's Proposed
FY 86 Budget Cuts to Federal Employee
Benefits

1. On 26 February 1985, Congresswoman Mary Rose Oakar (D., OH), chaired a "hearing" on the Administration's proposed FY 1986 Budget cuts to Federal employee benefits. Oakar is Chairwoman of the Subcommittee on Compensation and Employee Benefits of the House Post Office and Civil Service Committee. The other Committee Members who attended are Mervyn M. Dymally (D., CA), John T. Myers (R., IN), Dan Young (R., AL), and William D. Ford (D., MI), Committee Chairman. (This "hearing" was referred to as a briefing for Members because the Committee has not yet met to ratify its rules and subcommittee assignments).

2. The purpose for this "hearing" was to collect information that will support the Committee's recommendations to the Budget Committee vis-a-vis the Administration's proposals. The Committee will most likely reject all of the proposals, much to the approval of the standing-room only crowd of Federal union groups.

3. Attached hereto is the list of witnesses and the formal comments of several who testified. Copies of the full proceedings will be distributed when available. There were no surprises during the hearing. The Administration's position, defended by Dr. Donald J. Devine, Director, Office of Personnel Management, remains firm on all cuts proposed and there are now no signs of compromise.

4. In her opening comments (attached hereto), Oakar cited drug enforcement agents, foreign service officers, letter carriers, meat & poultry inspectors, NIH employees,

social security administrators, and Federal retirees as loyal and hard workers who were being abused by the Administration.

5. John Myers, speaking for the minority, stated that he shared the concern of the majority, was interested in cooperation, and cited "quick fixes" and the unweildy budget process as the causes behind the roller coaster treatment of Federal benefits. Traditionally, this Committee has maintained a bi-partisan pro-Federal employee orientation and this statement signals that this will continue during the 99th Congress. In fact, the majority staff expressed surprise that the Republicans on the Committee have been so vocal in their opposition to the Administration's proposals.

6. In response to questions about retirement, Dr. Devine alluded to a supplement plan that OPM is drafting. He did not give any details, but suggested that the plan would involve portable benefits, such as Social Security plus some form of employee savings; it would not include the employer-provided pension.

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Attachment:
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